Synopsis

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LINGAYA'S VIDYAPEETH

FARIDABAD

A STUDY ON THE IMPACT OF GOVERNMENT POLICIES ON SMALL AND MEDIUM SIZED INDUSTRIES IN DELHI NCR: A COMPREHENSIVE ANALYSIS OF THE "MAKE IN INDIA POLICY"

SYNOPSIS

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Ankita Gulati (19PHMG22)

Department of Commerce and Management

School of Commerce and Management

Lingaya's Vidyapeeth, Faridabad, Haryana

Name of the Student (Capital letters) : ANKITA GULATI

Registration Number : 19PHMG22

Major Subject : Commerce

Name of Major Advisor : Prof. (Dr.) Pranav Mishra (Professor of Commerce)

Name of Department : Department of Commerce and Management

Name of College : School of Commerce and Management

A STUDY ON THE IMPACT OF GOVERNMENT POLICIES ON SMALL AND MEDIUM SIZED INDUSTRIES IN DELHI NCR: A COMPREHENSIVE ANALYSIS OF THE "MAKE IN INDIA POLICY"

Introduction:

In September 2014, the Indian government introduced the "Make in India" campaign as part of its comprehensive nation-building endeavors. This initiative seeks to elevate India into a premier global hub for design and manufacturing, aiming to bolster investment, spur innovation, cultivate skill development, safeguard intellectual property, and cultivate top-tier manufacturing capabilities. The overarching goal is to augment the manufacturing sector's contribution to India's GDP while enticing foreign entities to establish operations within the country. The campaign rests on four fundamental pillars:

1. Innovative processes
2. Enhanced infrastructure
3. Progressive mindset
4. Diversified sectors Identified as focal points, the campaign targets 25 key sectors for development and expansion.

The

Automobiles	Electronic system design and manufacturing	Railways
Auto components	Food processing	Renewable energy
Aviation	IT and BPM	Roads and highway
Biotechnology	Leather	Space
Chemicals	Media and Entertainment	Textiles
Construction	Mining	Thermal power
Defence	Oil and Gas	Tourism and hospitality and wellness
Manufacturing	Pharmaceuticals	
Electrical Machinery	Ports	

Indian government has opened up avenues for foreign direct investment (FDI) across various sectors, permitting 100% FDI except for specific sectors such as space (limited to 74%), defense (limited to 49%), and news media (limited to 67%). This move reflects the government's commitment to fostering a conducive environment for international investment while ensuring certain strategic sectors retain a degree of control.

Aligned with its objectives, the government has set ambitious targets, notably aiming for the manufacturing sector to contribute 25% to the country's GDP by the year 2020. This goal underscores the government's

determination to bolster industrial output and elevate the manufacturing sector's significance in driving economic growth and development.

Unique Symbol- Its Significance

The emblem of the "Make in India" initiative portrays a majestic lion adorned with numerous wheels, symbolizing the nation's path towards a dynamic and prosperous future through peaceful progress. This powerful imagery embodies values of courage, strength, resilience, and wisdom. The lion, representing India's bold and forward-looking spirit, strides confidently alongside the wheels, signifying the synergy between traditional strength and modern industrial progress.
The highlights of this scheme:

Name of the scheme	Make in India
Date of launching	25th September 2014
Launched by	PM Narendra Modi
Government Ministry	Ministry of Commerce and Industry
Make in India website	http://www.makeinindia.com/home/

Reasons for Implementing Make in India:

The government's emphasis on manufacturing stems from several critical factors:

1. Historically, India's economic growth has heavily leaned towards the services sector, notably IT and BPO. While this strategy yielded short-term benefits, it failed to address long-standing issues such as employment generation. Despite the services sector's significant contribution to GDP (57% in 2013), its capacity to absorb the workforce remains limited, especially considering India's demographic dividend.
2. Manufacturing in India has languished, accounting for only around 15% of the overall economy, a notably lower proportion compared to neighboring East Asian nations. This imbalance has contributed to a persistent trade deficit in goods, which the services sector alone cannot rectify. Encouraging investment in manufacturing, both domestically and internationally, is seen as pivotal to addressing this disparity and stimulating employment across skill levels.
3. Manufacturing holds unparalleled potential for driving economic growth due to its extensive multiplier effect. Studies indicate that growth in manufacturing not only generates employment but also stimulates demand across various sectors, fostering innovation, investments, and ultimately, improving living standards.

4. The timing of the Make in India initiative is opportune, given global shifts in manufacturing dynamics. By prioritizing manufacturing now, India stands to capitalize on emerging opportunities in global markets, particularly as other major players like China face growing international scrutiny.

Initiatives Under Make in India:

1. Significant liberalization of FDI norms, particularly in sectors like railways, insurance, defense, and medical devices.
2. Expansion of the FDI cap in the defense sector from 49% to 74%, enhancing opportunities for foreign investment.
3. Permission for 100% FDI in construction and specified rail infrastructure projects through the automatic route.
4. Establishment of an Investor Facilitation Cell to support investors throughout their journey in India, from pre-investment phases to post-delivery services.
5. Improvement of India's Ease of Doing Business ranking, achieved through various reforms and streamlining processes.
6. Launch of platforms like the Shram Suvidha Portal and eBiz portal, providing seamless access to government services related to starting a business in India.
7. Relaxation of permits and licenses required for business commencement, coupled with reforms in areas like property registration, tax payment, power connection, contract enforcement, and insolvency resolution.
8. Implementation of measures to expedite licensing processes and clearances for foreign investors, alongside automation of registration with statutory bodies.
9. Emphasis on physical infrastructure development, primarily through Public-Private Partnerships (PPPs), with increased investments in ports, airports, and dedicated freight corridors.
10. Launch of plans to establish five industrial corridors across India, strategically designed to foster inclusive development, industrialization, and urbanization in a systematic manner.

Make in India – Programs and Initiatives

Various schemes have been instituted to bolster the Make in India initiative, each serving specific objectives:

1. Skill India:
    - Aims to annually skill 10 million individuals across diverse sectors, recognizing the critical need to enhance the skill set of India's vast workforce. With only 2% of the population formally skilled, upskilling is essential to realize the potential of Make in India.
2. Startup India:
    - Designed to cultivate an ecosystem conducive to the growth of startups, facilitating sustainable economic development and substantial job creation.
3. Digital India:
    - Seeks to transition India into a knowledge-based and digitally empowered economy, fostering technological advancement and digital literacy nationwide.
4. Pradhan Mantri Jan Dhan Yojana (PMJDY):
    - Envisions financial inclusion by providing affordable access to banking services, including savings accounts, remittances, credit, insurance, and pension facilities.
5. Smart Cities:
    - Aims to revitalize and modernize Indian cities, with the objective of developing 100 smart cities through various sub-initiatives.
6. AMRUT (Atal Mission for Rejuvenation and Urban Transformation):
    - Focuses on enhancing basic public amenities and making 500 cities in India more livable and inclusive.

7. Swachh Bharat Abhiyan:
    - A national mission aimed at promoting cleanliness, basic sanitation, and hygiene practices across India.
8. Sagarmala:
    - Targets the development of ports and fosters port-led development initiatives across the country.
9. International Solar Alliance (ISA):
    - An alliance of 121 countries, primarily located between the Tropic of Cancer and the Tropic of Capricorn, aimed at promoting solar technology research, development, and policy formulation.
10. AGNII (Accelerating Growth of New India's Innovation):
    - Launched to bolster the innovation ecosystem by facilitating connections, supporting commercialization efforts, and fostering innovation-driven growth in the country.

Make in India – Objectives

The Make in India initiative sets forth several ambitious objectives, aiming to transform India into a global manufacturing powerhouse. These objectives include:

1. Achieving a sustained growth rate of 12-14% per annum in the manufacturing sector.
2. Generating an additional 100 million jobs in the manufacturing sector by the year 2022.
3. Elevating the manufacturing sector's contribution to the GDP to 25% by 2022.
4. Ensuring inclusive growth by equipping urban poor and rural migrants with the necessary skill sets.
5. Enhancing domestic value addition and technological depth within the manufacturing sector.
6. Promoting environmentally sustainable growth practices.
7. Enhancing the global competitiveness of India's manufacturing sector.

Make in India – Progress

The Make in India initiative has achieved significant milestones, driving progress across various sectors of the economy. Some notable achievements include:

1. Implementation of the Goods and Services Tax (GST), streamlining tax procedures and bolstering the Make in India campaign.
2. Accelerated digitization efforts, facilitating online processes for taxation, company incorporation, and other administrative tasks, thereby improving efficiency and India's Ease of Doing Business (EoDB) ranking.
3. Enactment of the Insolvency and Bankruptcy Code 2016, aligning India's bankruptcy laws with international standards.
4. Expansion of financial inclusion through initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY), resulting in the opening of millions of new bank accounts.
5. Liberalization of FDI policies, attracting larger inflows of foreign investment and stimulating job creation and economic growth.
6. Boosting infrastructure development through initiatives such as Bharatmala and Sagarmala, as well as investments in railway infrastructure.
7. Establishment of BharatNet, the world's largest rural broadband project, enhancing digital connectivity in rural areas.
8. Remarkable progress in renewable energy capacity, positioning India as a global leader in wind and solar power generation.

Make in India – Advantages

The Make in India campaign has yielded numerous benefits for the country, including:

1. Generation of employment opportunities across various sectors.
2. Expansion of GDP through increased economic growth and investment.
3. Strengthening of the rupee due to higher FDI inflows.
4. Empowerment of small manufacturers through investment and technology transfer.
5. Acquisition of advanced technologies through partnerships with international investors.
6. Improvement of India's ranking in the Ease of Doing Business index.
7. Promotion of rural development through the establishment of manufacturing centers and factories.

Make in India – Challenges

Despite its successes, the Make in India initiative faces several challenges and criticisms, including:

1. Potential negative impact on agriculture due to the emphasis on manufacturing, leading to land use conflicts.
2. Concerns over depletion of natural resources and environmental degradation resulting from rapid industrialization.
3. Potential adverse effects on local farmers and small entrepreneurs due to increased competition from international players.
4. Environmental pollution and other ecological consequences associated with industrial growth.
5. Inadequate physical infrastructure and bureaucratic hurdles hindering the campaign's progress, highlighting the need for infrastructure development and governance reforms akin to China's success story in manufacturing.

Literature Review

- Dr. Nishant Ravindra Ghuge (2020) undertook a study to elucidate the Make in India concept and its novel initiatives. The research also delved into the impact of Make in India on GDP and FDI inflows. Despite a lack of significant GDP growth immediately after the program's launch, FDI inflows experienced a notable increase post-2014. However, the author emphasized the necessity for better policy implementation to complement increased FDI inflows and foster investor confidence.
- Dr. Richa Srivastava (2019) highlighted the vision of Make in India and its potential for catalyzing India's economic growth. The paper underscored the immense growth opportunities inherent in the initiative, particularly when coupled with supportive policies like Digital India. Additionally, the distinction between Make in India and Made in India was elucidated.
- B.B. Sahoo (2018) provided insights into the Make in India concept and its economic impact, emphasizing the significance of the 25 identified sectors in enhancing employment and technological advancement. The study also explored the correlation between FDI and Make in India, noting an increase in FDI inflows, particularly in the manufacturing sector. Policy measures and incentives were discussed alongside the potential benefits and drawbacks of the initiative.
- Rishabh Bhatia & Sarthak Agrawal (2018) analyzed Make in India through a quantitative lens, acknowledging the government's success in positioning India as a global manufacturing hub. The study attributed this success to incremental policy reforms across various economic sectors. It emphasized the need for sustained efforts to capitalize on future opportunities.
- Dr. (Smt.) Rajeshwari M. Shettar (2017) provided an overview of the Make in India campaign, its associated government initiatives, and the impact of FDI on the manufacturing sector. The study identified challenges and opportunities while suggesting growth cycles for India to focus on. It noted a doubling of FDI inflows from 2010 to 2016, albeit with a declining percentage contribution to the manufacturing sector.

- Prof. Samita Kher et al. (2016) examined the awareness levels of B-school students regarding Make in India and its implications for the manufacturing sector's contribution to GDP. The study revealed a significant lack of awareness among students, highlighting the need for enhanced educational efforts to promote awareness and encourage entrepreneurship.
- Dr. Puneet Ahuja (2016) elucidated the ambitious nature of the Make in India program and its potential to address socio-economic challenges. The paper underscored the importance of relentless policy implementation and proposed measures to enhance the initiative's effectiveness in boosting the Indian economy.
- Anand Sagar (2016) conducted an analytical review of Make in India, drawing insights from secondary data sources. The study acknowledged both positive and negative impacts of the initiative on the Indian economy, emphasizing the importance of trust-building for attracting investors. Diverse viewpoints, including suggestions from Dr. Raghu Ram Rajan, were presented, concluding that the initiative's success hinges on effective policy implementation and investor incentives.
- Dr. T. V. Ramana (2015) analyzed the Make in India project, highlighting its global reception and potential challenges. The study acknowledged the campaign's timing in attracting foreign investments and stimulating India's manufacturing sector.
- S. Soundhariya (2015) explored the Make in India scheme's transformative potential, discussing opportunities, challenges, and necessary changes. The study emphasized Make in India's role in positioning India as a global manufacturing and innovation hub.
- Seema Sangwan (2015) examined the impact of FDI on India's economic development post-Make in India introduction. The study revealed a positive correlation between FDI inflows and industrial production, emphasizing FDI's role in enhancing productivity and technology transfer.
- K. Kalaivani (2015) investigated the impact of Make in India on HRM practices in India. The study revealed a significant relationship between HRM practices and Make in India, highlighting HRM's role in facilitating job opportunities and cultural change.
- Overall, these studies collectively provide comprehensive insights into the Make in India initiative, its implications, challenges, and potential for shaping India's economic trajectory.

Purpose of the Study

The Make in India initiative represents a pivotal effort by the Government of India to bolster the manufacturing sector and drive economic growth. However, its implementation faces various challenges, ranging from labor laws to infrastructure deficiencies. Therefore, it is imperative to assess the effectiveness of such programs in facilitating a country's development.

The primary reasons for undertaking this research are as follows:

1. Relevance amidst COVID-19: With the ongoing pandemic, the focus on the manufacturing sector gains even more significance.
2. Limited Research: As Make in India is still in its nascent stages, there is a dearth of comprehensive research on its impact.
3. Focus of Existing Studies: Existing studies primarily examine specific aspects of Make in India, lacking a holistic overview.
4. Need for Comprehensive Study: There is a lack of cumulative research that encompasses initiatives, concepts, achievements, and challenges of Make in India.
5. Historical Context: Given that Make in India is India's fourth attempt at bolstering its manufacturing sector, identifying gaps and offering recommendations becomes crucial.
6. Future Economic Implications: The impact of Make in India is profound and will shape India's economy in the coming years.

Objectives of the Study

The main objective of this research is to evaluate the impact of the strategic measures implemented by the Government of India to revitalize the manufacturing sector. Specific objectives include:

1. Assessing the policy's impact on the Indian economy.
2. Evaluating changes in key performance parameters such as FDI, ease of doing business, and employment.
3. Examining the policy's effects on small and medium-sized enterprises (SMEs).
4. Understanding government policies, initiatives, and efforts related to Make in India.
5. Analyzing the policy's influence on startups and entrepreneurs.

Hypotheses and Research Questions

Hypotheses:

1. There is a significant relationship between Make in India and the manufacturing sector.
2. Make in India has a significant impact on sectoral growth.
3. There is a significant increase in FDI inflows and employment opportunities post Make in India.
4. Make in India has a significant impact on new startups.
5. Make in India has a significant impact on the growth of small and medium enterprises.

Research Questions:

1. Did India previously overlook the manufacturing sector, considering the flying goose paradigm?
2. What necessitated the implementation of such a policy at this juncture?
3. Why have certain sectors underperformed compared to others?
4. How are SMEs affected or benefited by increased FDI and the entry of global companies into the market?

Limitations

1. Archival Constraints
2. Early Stage of Policy Implementation
3. Impact of COVID-19 on Primary Research

Materials and Methods of Study

1. Secondary Data Analysis: Quantitative analysis of historical data on FDI, FII, employment, GDP, etc.
2. Primary Data Collection: Quantitative analysis of Make in India's impact on specific SMEs.

Research Methodology

- Utilization of both primary and secondary data sources.
- Deductive research approach.
- Combination of quantitative (descriptive) and qualitative methods.
- Stratified Random Sampling strategy.
- Sample size of at least 200 SMEs.
- Data collection through structured questionnaires and reliable secondary sources.
- Statistical analysis using tools like Excel and SPSS.

Expected Outcome

The research aims to uncover a significant impact of Make in India on the Indian economy, while also identifying potential flaws and offering recommendations for improvement.

Scope of Study

The study investigates Make in India's influence on Indian economic growth, addressing challenges and deviations, and proposing policy guidelines and recommendations for future actions. It also serves as a reference for other developing nations.

Proposed Chapter scheme

The research project includes several chapters which are briefly described as below:

Chapter 1: Introduction

In this chapter we will present introduction of research, purpose of study, objective of study, questions and hypothesis, scope of study, and observations and findings of the study.

Chapter 2: Literature review

In this chapter we will survey abstracted academic journals, conferences, technical reports, books etc relating to the project make in India.

Chapter 3: Theoretical background

Herein we will present the theoretical background of the make in India initiative in different sections.

Chapter 4: Methodology of study

This chapter covers methodological aspects of research and includes population and sampling methods data collection tools and data analysis techniques

Chapter 5: Data Analysis

In this chapter we have the result of the data analysis which includes reliability coefficients, descriptive statistics, one sample test, paired sample correlations, and paired sample test and analysis of variance etc.

Chapter 6: Conclusions and Recommendations

This chapter deals with conclusion of the thesis and description of study and presenting some useful recommendations for the government and other related organizations.

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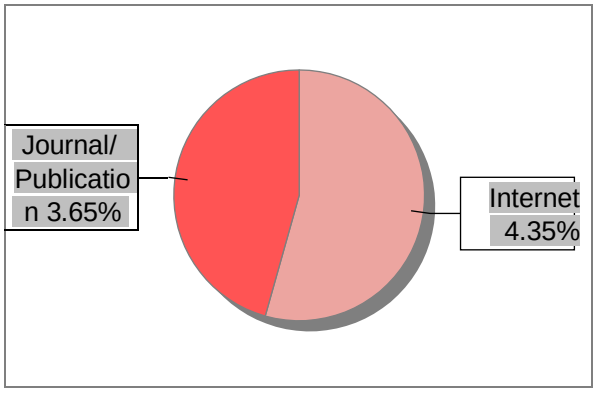

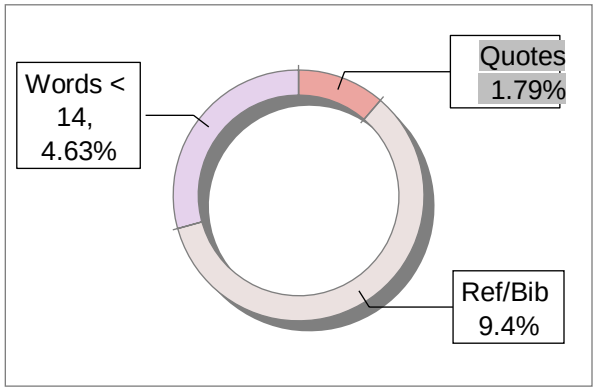

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